



CITY OF HAYWARD

AGENDA REPORT

AGENDA DATE 05/23/06

AGENDA ITEM 8

WORK SESSION ITEM

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Downtown Business Improvement Area Annual Report and Proposed Budget for FY 2006-07

RECOMMENDATION:

It is recommended that the City Council accept the attached Annual Report and adopt the attached resolution setting a public hearing for June 20, 2006.

BACKGROUND:

Hayward's Downtown Business Improvement Area ("DBIA") was established by the City Council in 1984. The DBIA's purpose is to promote the economic revitalization and physical improvement of the downtown business district and to attract new business to the downtown.

The DBIA's boundaries are shown on Attachment 1 of Exhibit A. This area includes more than 500 holders of Hayward business licenses. Within it are three benefit zones, each with different levy rates. State law requires that levy rates relate to the amount of benefit derived by the businesses being assessed. Zone 1A, which was adopted by City Council in FY 2001-02, is in the downtown core and has the highest rates, followed by Zone 1 and Zone 2.


The DBIA Advisory Board's Annual Report and budget recommendations are attached to this report as Exhibit A. The Annual Report is mandated by the state enabling legislation, and is required to discuss a variety of topics concerning boundaries, levy rates, business classifications, recommended funding from the DBIA levy and other sources, and recommended activities to be paid for from the DBIA budget.

The Annual Report and FY 2006-07 budget recommendations reflect careful deliberation by the DBIA Advisory Board about how to best utilize the amounts raised through the levy. The amount budgeted for fee revenue from the levy remains at \$55,000 and the contribution from the Redevelopment Agency remains at \$35,000. It should also be acknowledged that the Redevelopment Agency makes a significant non-cash contribution to the DBIA in the form of administrative staff support. Finally, a transfer of \$10,000 in reserve funds is included in order to balance the budget for non-recurring expenses. The resulting FY 2006-07 annual budget totals \$100,000, the same level as the FY 2005-06 budget.

DBIA activities in FY 2005-06 have generally focused on special events and promotional campaigns to improve the downtown's image, and to attract potential customers to the area. Activities during this fiscal year included four summer evening street parties which have continued to grow in scope and attendance each year, as well as the annual "Light Up the Season" event. In addition, a new set of downtown banners, which was funded in a prior fiscal year, was designed and a partial set was ordered with the intention of budgeting additional funds in FY 2006-07 to complete the set. The proposed budget continues to focus on maintaining the appearance of the downtown business district and improving the quality of the events with special emphasis on attractions for people of all ages and cultures.

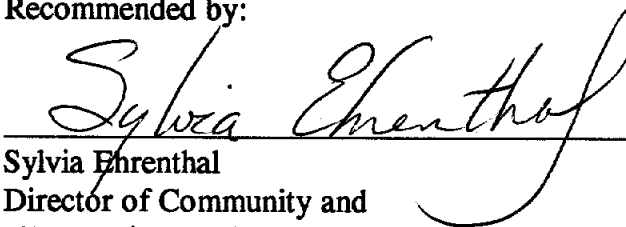
Staff recommends that the City Council adopt the attached resolution to accept the annual report and budget for FY 2006-07, and to set a public hearing date of June 20, 2006, to consider the 2007 annual DBIA levy.

Prepared by:



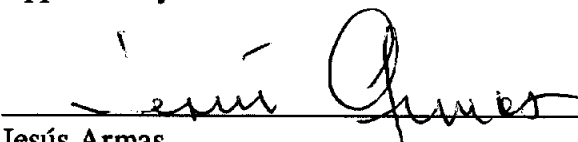
Maret Bartlett
Redevelopment Director

Recommended by:



Sylvia Ehrenthal
Director of Community and
Economic Development

Approved by:



Jesús Armas
City Manager

Attachments: Exhibit A: DBIA Annual Report and Proposed Budget for FY 2006-07
Resolution

EXHIBIT A

DOWNTOWN BUSINESS IMPROVEMENT AREA ANNUAL REPORT AND PROPOSED BUDGET FOR FY 2006-07

Background:

The Downtown Business Improvement Area (DBIA) was established in 1984. State law requires that an Advisory Board appointed by City Council submit an Annual Report identifying the activities, budget, boundaries and proposed assessments to businesses within the Improvement Area. The report may propose changes, including such items as the boundaries or benefit zones within the area, the basis and method of levying the charges, and any changes in the classification of businesses. The City Council may approve the report as submitted by the Advisory Board or may modify any particular item contained in the report and approve the report as modified.

Statement of Activities and Accomplishments for Fiscal Year 2005-06:

Fiscal Year 2005-06 BIA Revenues

The DBIA's activities during the current fiscal year were funded by business improvement area assessments, contributions from the Redevelopment Agency, and carry-over amounts in reserve from prior fiscal years. The sources of funding for the fiscal year 2005-06 were:

1.	BIA assessments	\$55,000
2.	Redevelopment Agency	\$35,000
3.	Carry-over (Reserve)	\$10,000
	Total Revenues	\$100,000

Fiscal Year 2005-06 DBIA Activities and Expenditures

DBIA activities during this fiscal year included the coordination and promotion of public events including the Thursday Night Summer Street Parties in June, July, August, and reviving the event in September. In addition, the DBIA funded the annual "Light up the Season" event in early December. Due to unusually inclement weather the June 2004 street party was cancelled at the last minute as the vendors and entertainment were unable to participate. Other DBIA activities included the funding of downtown sidewalk cleaning efforts, promotional publications including a new Downtown Business Directory and newsletters for BIA members and the public, and the purchase of a new custom set of "Downtown Images" banners to be rotated with existing three sets in the banner program. All major activities planned for FY 2005-06 have been or are anticipated to be accomplished by the end of the fiscal year.

During the fiscal year 2005-06, the DBIA budgeted funds in the following manner:

1.	Summer Street Parties	\$23,600
2.	"Light Up the Season"	\$18,000
3.	Banner Maintenance & Rotation	\$11,000
4.	Publications	\$36,400
5.	Sidewalk Cleaning	<u>\$11,000</u>
	Total Budget 2005-06	\$100,000

The Annual Report addresses the following six topic areas:

1. Proposed BIA Boundary Changes during FY 2006-07

The Advisory Board is proposing no changes to the boundaries at this time.

2. Summary of BIA Activities, Revenues and Expenditures

The DBIA's activities for fiscal year 2006-07 will be funded through annual business improvement area assessments, a contribution from the Redevelopment Agency, and a transfer of DBIA reserve funds. The proposed funding sources and amounts for fiscal year 2006-07 are:

1.	DBIA assessments (projected)	\$55,000
2.	Redevelopment Agency	\$35,000
3.	Carry-over (Reserve)	<u>\$10,000</u>

Total Budget Amount (FY 2006-07)	\$100,000
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For fiscal year 2006-07, the projected revenue from DBIA assessments remains at \$55,000, and funding from the Hayward Redevelopment Agency remains at \$35,000. Staff will continue to monitor revenue increases in the upcoming fiscal year to determine whether annual increases in revenue should be projected. The DBIA currently has an undesignated fund balance of approximately \$85,000.

As with prior years, the DBIA Advisory Board proposes to utilize its funds for activities that generate the greatest return within the limitations of a modest budget. The Advisory Board proposes to expend the funds on special events, promotional materials and publications, the banner program, and sidewalk cleaning/maintenance efforts. Overall, the proposed total budget for fiscal year 2006-07 is the same as the fiscal year 2005-06 budget. The proposed budget once again includes a transfer from DBIA reserves in the amount of \$10,000 to pay for non-recurring expenditures. In fiscal year 2005-06, the reserve transfer was used to update the Downtown Business Directory, at the recommendation of the Council Downtown Committee. The proposed FY 2006-07 transfer would be used to complete a new set of "Downtown Image" banners.

Given the goals expressed, the DBIA Advisory Board recommends the allocation of the fiscal year 2006-07 funds for the following activities and items:

- Summer Street Parties \$23,600

The Summer Street Parties are organized by the Hayward Chamber of Commerce under contract to the DBIA. Proposed funding for the evening street parties, which take place in June, July, August, and September is at the same 2005-06 level of \$23,600. As these events have grown in scale and popularity since they were introduced six years ago, the Chamber as well as DBIA Advisory Board members recommends continuing the fourth event taking place in September which was revived last year and was successful and well received by the community.

- "Light Up The Season" \$18,000

This event takes place during the evening of the first Thursday after Thanksgiving Day. It started as a community tree lighting ceremony in Newman Park and for the past six years it has been gradually expanded along B Street between Mission and Foothill Boulevards, featuring holiday activities and entertainment oriented to families and the community. The members propose to work with staff and the Chamber of Commerce to reformulate the event somewhat. Due to the time of year that the event takes place seasonal weather has always had the potential to reduce attendance. The DBIA Advisory Board recommends restructuring the event to a format that promotes more participation by merchants and the community with less emphasis on outdoor activities that can be impacted by the weather. As a result, the DBIA will consider the potential for using additional indoor venues. The budget is recommended to continue at the same 2005-06 level of \$18,000, which includes \$3,000 for installation and lighting of the decorative wreaths on the streetlamps along B Street.

- Banners Rotation and Maintenance \$24,000

During fiscal year 2005-06 the DBIA Advisory Board members approved the design of a new set of banners featuring "Downtown Images" to be used in the banner rotation program. Due to the custom nature of the new banners there was additional expense for design. To remain within the authorized carryover budget of \$16,000, a partial set of banners was ordered with the members' recommendation to budget \$12,000 in FY 2006-07 to complete the set. Additionally, the cost of rotating and storing all four sets of banners is budgeted at \$12,000 for FY 2006-07, which is an increase of \$1,000 over the previous year.

- Publications \$22,400

The Board proposes to continue with the four newsletters that are mailed to businesses in the DBIA. In addition, there are two tabloids published during the year in the Daily Review to promote downtown events. One is published for Light up the Season and the second will be published to kick off the Summer Street Parties. The budget for this line item is \$14,000 less than the FY 2005-06 level. The FY 2005-06 budget required the extra funds to update the Downtown Business Directory.

- Sidewalk Cleaning \$12,000

The downtown sidewalks are pressure washed in late spring throughout the downtown with a second cleaning in early fall along B Street between Watkins Street and Foothill Boulevard. The budget for this has been increased by \$1,000 over the previous year.

3. Proposed Budget Expenditures 2006-07

1.	Summer Street Parties	\$23,600
2.	"Light Up the Season"	\$18,000
3.	Banners - Maintenance & Rotation	\$24,000
4.	Publications	\$22,400
5.	Sidewalk Cleaning	\$12,000
	Total Proposed Budget 2006-07	\$100,000

4. Proposed Method and Basis for Levying DBIA Assessments

The DBIA zones and levy (fee structure) are indicated on Attachment 1 of this report.

No changes are proposed at this time.

5. Contributions from other Sources

Other proposed sources of contributions for FY 2006-07 include \$35,000 from the Hayward Redevelopment Agency, and a transfer of \$10,000 from reserves.

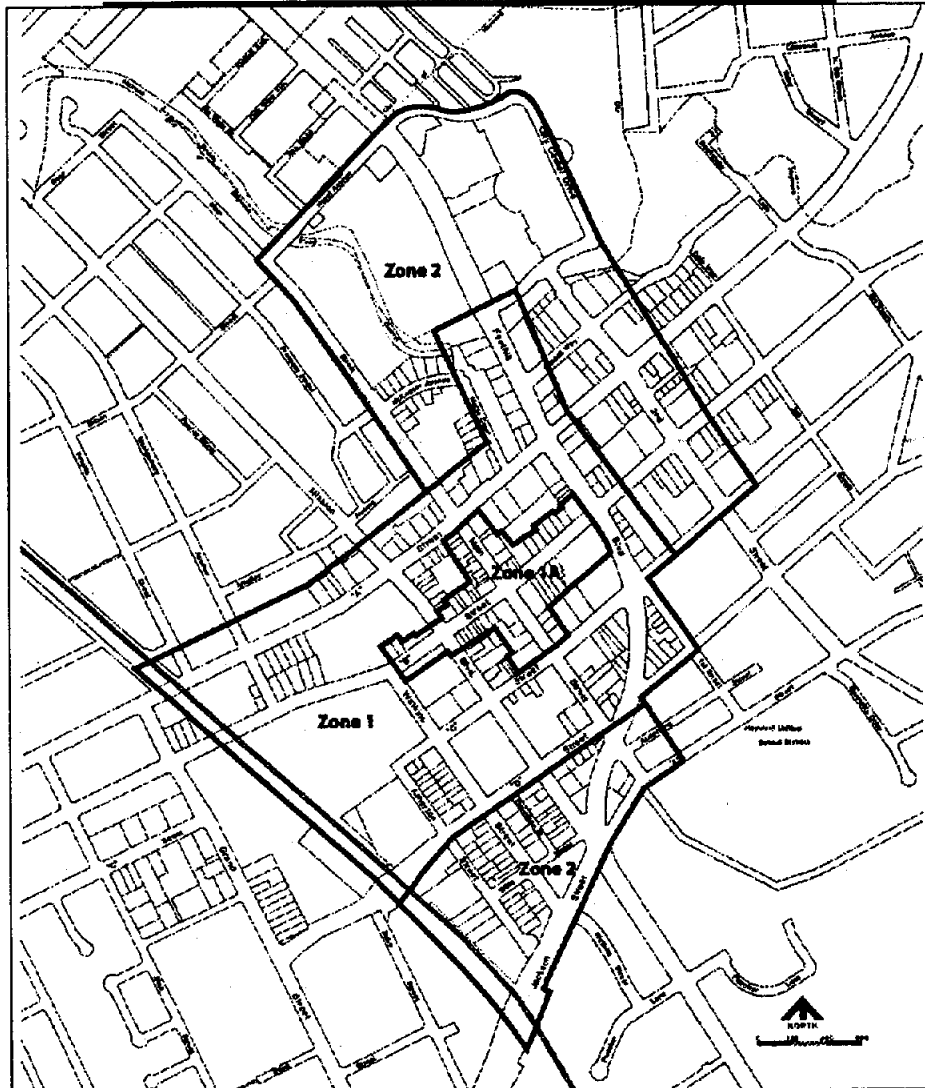
6. Closing Statement of the Board

The DBIA Advisory Board looks forward to continued progress and cooperation with the downtown merchants and the City in the upcoming year.

Attachment 1: DBIA Zones and Fee Structure

ATTACHMENT 1

DOWNTOWN HAYWARD BIA CURRENT ZONES



BIA FEE STRUCTURE

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in **Zone 1A** shall pay a flat fee of \$125.00 per year. **Zone 1** is a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in **Zone 1A** shall pay a flat fee of \$325.00 per year. **Zone 1** is a flat fee of \$200.00 per year.

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in **Zone 2** shall pay a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in **Zone 2** shall pay a flat fee of \$200.00 per year.

All businesses classified as RETAIL shall pay an assessment based on the following gross receipts schedule:

GROSS RECEIPTS	ZONE 1A	ZONE 1	ZONE 2	GROSS RECEIPTS	ZONE 1A	ZONE 1	ZONE 2
Less than \$100,000	\$145.00	\$120.00	\$90.00	\$400,001 - \$ 500,000	\$355.00	\$330.00	\$250.00
\$100,001 - \$150,000	\$175.00	\$150.00	\$115.00	\$500,001 - \$ 750,000	\$425.00	\$400.00	\$300.00
\$150,001 - \$200,000	\$205.00	\$180.00	\$135.00	\$750,001 - \$1,000,000	\$495.00	\$400.00	\$300.00
\$200,001 - \$300,000	\$255.00	\$230.00	\$175.00	\$1,000,001 and up	\$525.00	\$400.00	\$300.00
\$300,001 - \$400,000	\$305.00	\$280.00	\$210.00				

 **DRAFT**

HAYWARD CITY COUNCIL

RESOLUTION NO. 06-

Introduced by Council Member _____

**RESOLUTION ACCEPTING ANNUAL REPORT AND
DECLARING INTENTION TO LEVY ANNUAL CHARGES
FOR THE DOWNTOWN HAYWARD BUSINESS
IMPROVEMENT AREA FOR THE FISCAL YEAR 2006-07
AND PROVIDING FOR NOTICE OF HEARING THEREON**

BE IT RESOLVED by the City Council of the City of Hayward, as follows:

1. On September 18, 1984, the City Council established the Downtown Hayward Business Improvement Area pursuant to section 36500 et seq. of the Streets and Highways Code of the State of California, which was commonly known as the Parking and Business Improvement Area Law of 1979 and, as now codified, is commonly known as the Parking and Business Improvement Law of 1989.
2. The Advisory Board for the Downtown Hayward Business Improvement Area prepared an annual report for the fiscal year July 1, 2006 to June 30, 2007, on behalf of the Downtown Hayward Business Improvement Area pursuant to section 36533 of the California Streets and Highways Code, which report, on file in the office of the City Clerk, is hereby accepted by the City Council. Said report may be referred to for the particulars as to the detailed descriptions of improvements and activities to be provided, the charges to be levied, the benefit zones within the area, the proposed charges to be levied on businesses, and the exact boundaries of the area.
3. It is the intention of the City Council to levy and collect the charges within the Downtown Hayward Business Improvement Area for the fiscal year 2006-07 as set forth in the annual report or such report as hereafter modified. The charges may be used for parking facilities serving the area, decoration or music or advertising public events in public places in the area, and to promote business activities in the area. The area is generally described on the map attached hereto as Exhibit "A".
4. Notice is hereby given that Tuesday, June 20, 2006, at the hour of 8:00 p.m., in the regular meeting place of this City Council, 777 B Street, Hayward, California, a hearing will be held on the question of the levy of the proposed charges, at which time written and oral protests may be made in compliance with sections 36524 and 36525 of the Streets and Highways Code.

5. The City Clerk shall cause notice of the hearing to be given by publishing a copy of this resolution in The Daily Review, a newspaper published and circulated in the City of Hayward, at least seven days prior to the date of the hearing specified above.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2006

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward